

Liquor Control *News*

The Michigan Liquor Control Commission Bi-Monthly Newsletter



Chairman's *Corner*

contents

July/August 2012

- 2 The MLCC Offers Next-Day Approvals on Temporary Permits
- 3 Changes in the Pricing Structure to take Effect 10-1-12
- 4 New Business Manager New Podcast
- 5 Voluntary Tequila Recall
- 6 June Financial Report



What an interesting summer it has been this year.

I was able to spend a little time in July touring northern Michigan. Want to talk about the effectiveness of the Pure Michigan campaign? My wife Tammy and I have two young daughters, and as a fun little game to play in the car, we were counting the number of different license plates we would see. By the end of our 10 day trip, we had counted 45 state license plates and three Canadian province plates. And it seems we saw plates of our neighboring states – Ohio, Indiana, Wisconsin, Illinois – as much as we saw Michigan plates. But we also saw very large numbers of plates from Texas, Georgia, Florida, Kentucky, Tennessee, Missouri, New York and Pennsylvania.

What a great playground we as a state have to offer to our guests! This is just one of the many reasons why it is so important that we reform and reinvent our licensing processes and procedures here at the MLCC, so our applicants can get the licenses, permits and approvals they need and get into business to provide their hospitality to our many visitors.

We are looking at every individual aspect – piece by piece – of our licensing procedures. We are making progress every day – sometimes some very small changes, and some that are more significant.

We created consent agendas so that many types of applications for certain licenses, permits and permissions could get next-day consideration and approval from the Commission. We just recently expanded the consent agenda for next-day approvals of temporary outdoor service permits (that meet certain criteria) and will soon be expanding next-day approvals even further to include permanent outdoor service permission requests (again, applications must meet certain criteria).

From day one of my service here, I have had the ultimate goal of creating a licensing process that (a) fully complies and follows the law of this state, (b) is faster and less burdensome, and (c) provides more certainty and accountability to the applicant. To be sure, we still have a lot of work to do to meet the goal. The challenges we face were not created overnight, and they won't be solved overnight. But step by step, we are making considerable progress. We have identified numerous hang-ups, tangles, knots, frustrating duplications and frankly senseless hurdles in the process. And we are developing ideas for solutions. These solutions must first be implemented, and our staff to be trained properly.

The entrepreneurs of the hospitality industry – the people who are serving our citizens as well all of our guests to Pure Michigan – are depending on it.

Enjoy the rest of this Pure Michigan summer, and with our kids getting ready for another school year, or heading back to college campuses, always remember to never sell or serve alcohol to those under the age of 21.

Andy



Published bi-monthly for employees and industry representatives of the Michigan Liquor Control Commission.

Andrew J. Deloney, Chairperson
Steven H. Hilfinger, Director of LARA

Editor/Designer:
Andrea Miller, Communications Rep.

LARA is an equal opportunity employer/program. This newsletter will be made available in alternative formats on request.



The Michigan Liquor Control Commission Offers Next-Day Approvals on Temporary Permits

The Commission continues to streamline the licensing process.



The Michigan Liquor Control Commission (MLCC) is continuing its efforts toward a more effective and efficient licensing process by now offering next-day approval for many applications for temporary outdoor service permits, as called for in the Office of Regulatory Reinvention (ORR) recommendations which recommended *“next-day approval of a growing number of different types of applications”*.

“We are working hard to improve our licensing process every day,” said Andy Deloney, Chairman of the MLCC. “Every year, so many of our liquor licensees apply for permits to allow temporary outdoor service, and the expanded use of our consent agenda for next-day service will help get these permits approved much more quickly. This is just one more step in our efforts to create a streamlined process that is less burdensome and cumbersome.”

Though the Commission considers applications for many kinds of licenses, permits, and permissions on a daily basis, the process of creating full dockets for temporary outdoor service permits was

very time consuming for the Commission and the MLCC staff.

In order for an application for temporary outdoor service to be placed on a consent agenda for next-day consideration, the application must meet certain criteria in order to qualify:

1. It must be a completed application,
2. The \$70 permit fee must be included.
3. There must be a completed diagram with dimensions indicating the establishments ingress/egress.
4. The proposed area must be smaller than 20,000 square feet.
5. The proposed area must not be located adjacent to a body of water or within a sporting venue.
6. The proposed area must not be more than 25 feet away from the establishment; and
7. The proposed area must not be across an easement or thoroughfare.

If each of the above criteria are met, then the application will be placed on the consent agenda for next day consideration. If any of the above are not met, it may require a bit more information or time for the Commission to consider.

“We are in the peak of the season for Temporary Outdoor Service Permit requests. Requests come in all spring and summer for downtown fairs or street festivals, and then we transition over to fall fun which includes tailgating for collegiate and professional sporting events,” said Deloney. “We are excited about the improved services to customers while still ensuring standards are met and consumers are protected.”

Changes in the Pricing Structure to take Effect October 1, 2012

The Michigan State Legislature has repealed the 1.85% specific liquor tax that is imposed on sales to off-premise licenses. This repeal is effective October 1, 2012. Therefore, you will need to change your invoice pricing structure to eliminate the 1.85% tax from your formula. When preparing the line item net total amount for each code, the following formula should be used:

$$(\text{Base Price} - \text{Discount}^* + \text{Taxes}^{**}) \times \text{Number of Bottles}$$

*Discount

Base Price x .17 (rounded to the nearest penny)

**Taxes

Base Price x .04 (rounded to the nearest penny) x 3

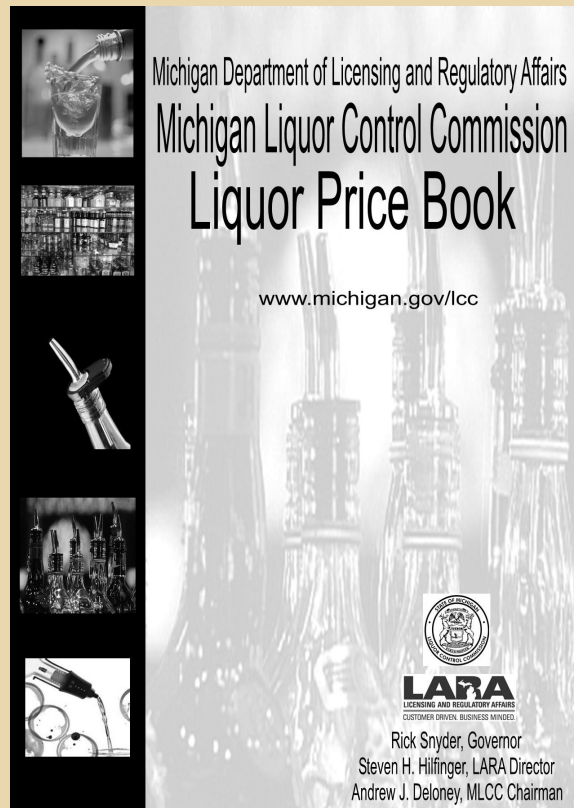
For example, the line item totals for liquor sales of 12 bottles of three different codes would be computed as follows:

Code A Base Price = \$40.35

Code B Base Price = \$20.15

Code C Base Price = \$14.20

Code A		
Base Price	\$40.35	
Less: Discount	\$6.86	$(\$40.35 \times .17)$
Add: Taxes	\$4.83	$(\$40.35 \times .04) \times 03$
Net Amount Per Bottle	\$38.32	
	x 12	
Line Item Total	<u>\$459.84</u>	
Code B		
Base Price	\$20.15	
Less: Discount	\$3.43	$(\$20.15 \times .17)$
Add: Taxes	\$2.43	$(\$20.15 \times .04) \times 03$
Net Amount Per Bottle	\$19.15	
	x 12	
Line Item Total	<u>\$229.80</u>	
Code C		
Base Price	\$14.20	
Less: Discount	\$2.41	$(\$14.20 \times .17)$
Add: Taxes	\$1.71	$(\$14.20 \times .04) \times 03$
Net Amount Per Bottle	\$13.50	
	x 12	
Line Item Total	<u>\$162.00</u>	



When preparing the invoice's final totals, use the following formula:

$$(\text{Total Base Amount} - \text{Total Discount} + \text{Total Taxes}) = \text{Net Invoice Amount}$$

Continuing the example above, the total amounts for the invoice would be computed as follows:

Total Base Amount	\$896.40	$(\$40.35 \times 12) + (20.15 \times 12) + (14.20 \times 12)$		
Less: Total Discounts	\$152.40	$(\$6.86 \times 12) + (3.43 \times 12) + (2.41 \times 12)$		
Add: Total Taxes	\$107.64	$(\$4.83 \times 12) + (2.43 \times 12) + (1.71 \times 12)$		
Net Invoice Amount	<u>\$851.64</u>	$(\$459.84 + \$229.80 + \$162.00)$		

The new pricing structure should be reflected on invoices starting October 1, 2012. If you have any questions, please contact Pam Hamilton at 517-322-1379.

MLCC Announce New Business Manager, Kerry Krone

Kerry Krone has spent nearly two decades with the Michigan Legislature, serving as a manager in both the House and Senate. She developed a reputation for excellence while overseeing office operations and expenditures for several lawmakers as well as coordinating bills and amendments during legislative session. The Lansing resident, who has won several public relations awards for her policy development skills, was instrumental in creating the Genevieve Gillette State Parks Endowment Fund during the mid-1990s. Krone is a former instructor at Lansing Community College. She earned her Bachelor of Business Administration with a major in management from Northwood University.

“The Business Manager is essentially the staff director for the Commission, and is responsible for overseeing the implementation of Commission policy directives, supervising the staff team, and serving as a liaison between the staff team and the Commission. We’re pleased to bring this position back. The Commission has gone the last several years without, despite the fact that this position is required to be filled by law,” said Chairman Deloney. “In addition to being required by law, having a strong and qualified person here in this role only makes sense. Kerry is certainly well qualified, and is off to a great start already. She has had significant management experience and tremendous knowledge of government affairs and the legislative process.”



DID YOU KNOW?

Chairman Deloney records a bi-monthly podcast as another way to let licensees, industry members and government officials what we are doing and what we have done. We hope you check them out!

To hear the past and current podcasts please visit the website at www.michigan.gov/lcc.

Quarterly Price List

This is an important notice about the submission of quotations for Price List No. 228, effective October 01, 2012. It was your obligation to advise all responsible personnel in your company of this content.

- The Commission should have received all quotations for change in price, ADA and UPC code via the e-quote filing system by July 20, 2012.
- The Commission must have received quotations for new items, change in proof and pack size, which you want listed in the price list, filed by July 03, 2012.
- The Commission will not accept quotations that are incorrectly filled out.

Vendors who are members of the Michigan Spirit Association who desire copies of the price list for their own use may order them through the Association. Vendors who are not members of the Association may contact the Products and Pricing Unit to obtain copies of the price list. Administrative rule R 436.1319 prohibits the price list from being imprinted with the name of vendor.

Voluntary Partial Recall of Certain Tequila Packaging

Potential Damage During Transportation and Handling to Glass Stoppers for 1.75 Liter size of 1800® Tequila.

Agavera Camichines, S.A. de C.V. , the brand owner of 1800® Tequila along with the Michigan Liquor Control Commission (MLCC), announced a voluntary US nationwide recall of 1800® Tequila 1.75 Liter Silver, Reposado and Coconut packaging due to potential damage during transportation and handling in some cases to the glass stopper.

Please be aware that 1800 Tequila in all other sizes (50 ml, 200ml, 375ml, 750 ml and 1 Liter) are not impacted. In addition, 1800 Tequila Anejo, Select Silver (100 Proof) and 1800 Ultimate Margarita products are not impacted.

Although it is believed that the percentage of affected bottles is low, to protect the safety of consumers, the brand owner, Agavera Camichines, S.A. de C.V., has made the decision to voluntarily recall the 1800 Tequila 1.75 Liter packaging as a precautionary measure. There have been no reports of consumer injuries, but the presence of small particles of glass in the bottle could pose a health risk.

"We have become aware of this recall and are doing everything we can to make sure these bottles have been taken off the market," said Andy Deloney, Chairman of the MLCC. "We are asking that all licensees stop selling this item until a replacement is delivered to you by Great Lakes Wine and Spirits."

The affected bottles include:

- 1800® Tequila Silver 1.75 Liter
- 1800® Tequila Coconut 1.75 Liter
- 1800® Tequila Reposado 1.75 Liter

Consumers should check to see if they have affected product by comparing the first nine digits of the 13-digit Lot Code on the side of the bottle against the list of impacted product codes above. Please refer to the visuals for further assistance in locating the Lot Code

Consumers who have affected product should not consume it nor should they allow others to consume it. Anyone who has consumed tequila from an affected bottle and becomes ill or shows signs of complications should see a physician immediately.

Consumers with affected product can obtain a refund and more information by calling 866-795-8805 or emailing info@1800tequila.com.

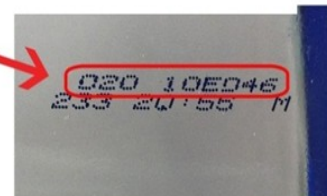
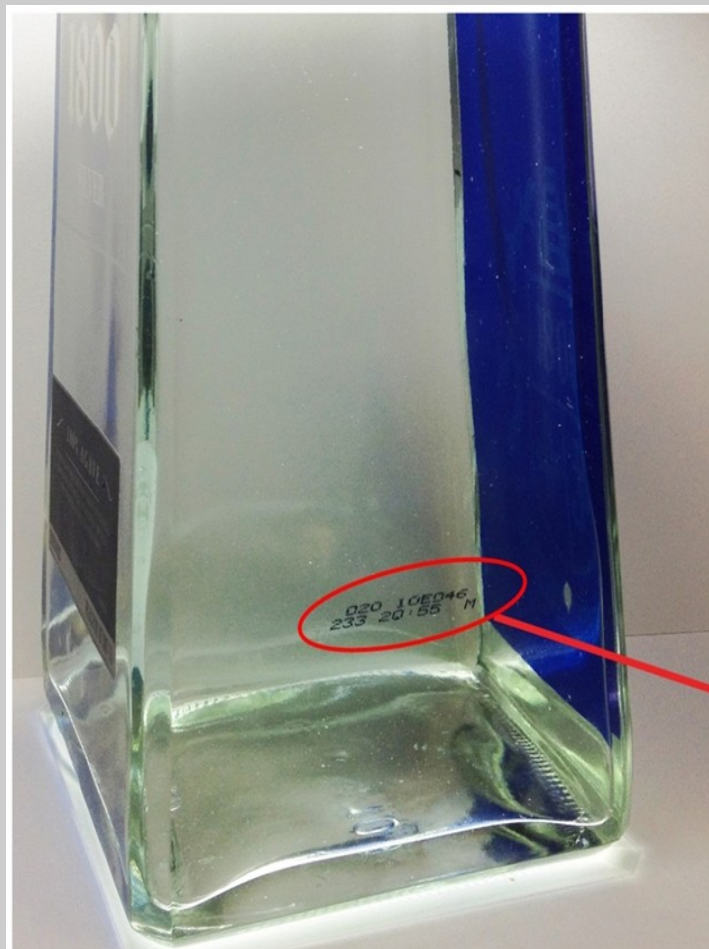
Refunds for affected bottles will be offered to consumers 21 years of age or older. In order to receive a refund, consumers should take the recalled bottle to the store in which they purchased the tequila.

1800® Tequila - 1.75 Liter size only

The affected bottles include:

- 1800® Tequila Silver 1.75 Liter
- 1800® Tequila Coconut 1.75 Liter
- 1800® Tequila Reposado 1.75 Liter

Read 9 digits on top line to identify product [CLOSE UP OF LOT CODE ON SIDE OF BOTTLE]



June 2012 Financial Statement Available on Website

The Michigan Liquor Control Commission (MLCC) approved the June 2012 financial statement at the August 14, 2012 Business Meeting.

The report shows the results of MLCC operations for the period of October 1, 2011 through June 30, 2012 and is compared with the same period from the previous fiscal year.

Highlights of this report include:

- Distilled spirit cases sales for this fiscal year are 5,492,488. This is 198,122 cases or 3.7 % higher than last fiscal year at this time.
- The average price per case sold this fiscal year is \$139.76. Last fiscal year, the average price per case sold at this time was \$137.40. This is an increase of 1.7%.
- Total fiscal year-to-date gross sales are \$767,620,948, which is 5.5% higher than last year's gross sales at this time. Last year's gross sales were \$727,424,441.
- Net income from liquor sales this fiscal year is \$130,221,823 vs. \$122,377,195 last fiscal year. This is an increase of 6.4%.



As one of 17 control states, the Michigan Liquor Control Commission's guiding philosophy is to make alcoholic beverages available while regulating their sale and distribution in order to protect the rights and interests of Michigan citizens. The Commission believes this can be accomplished most effectively through selective licensing and strict enforcement. The observance of all liquor laws and the rules of the Commission is in the best interest of everyone—the public, the licensees, and the alcohol beverage industry.

